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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 29, 1999

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE990717

To revise its fuel factor
pursuant to § 56-249.6 of
the Code of Virginia

ORDER ESTABLISHING 2000-2001 FUEL FACTOR PROCEEDING

On December 21, 1999, Virginia Electric and Power Company ("Virginia Power" or "the Company") filed with the Commission an application, testimony, and exhibits requesting an increase in its current fuel factor from 1.152¢ per kWh to 1.339¢ per kWh, effective February 1, 2000. The proposed fuel factor would result in an increase in annual fuel revenues of approximately \$104 million.

Upon reviewing this application, it is clear that this case presents at least three major issues including matters of first impression for the Commission. These are: (1) the consideration of off-system sales in light of the Company's retail access pilot program; (2) the Company's fuel costs of replacement power to replace the power previously purchased through the Merom and Rockport long-term contracts which terminate December 31, 1999; and (3) the determination of the proper fuel expenses

attributable to the Chaparral (Virginia) Inc. special contract. Because of the complexity of these issues, we will set a hearing date for February 17, 2000. However, we are mindful of the Company's requested effective date and will allow Virginia Power to collect, on an interim basis, a fuel factor of 1.339¢ per kWh effective for usage on and after February 1, 2000. Accordingly,

IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE990717.

(2) The proposed fuel factor of 1.339¢ per kWh shall be effective, on an interim basis, for usage on and after February 1, 2000.

(3) A hearing is hereby scheduled for 10:00 a.m. on Thursday, February 17, 2000, in the Commission's Second Floor Courtroom for the purpose of receiving evidence related to the establishment of Virginia Power's fuel factor for the twelve (12) month period beginning February 1, 2000, pursuant to § 56-249.6 of the Code of Virginia.

(4) Any member of the public may obtain a free copy of Virginia Power's application and prefiled testimony and exhibits by contacting Virginia Power's counsel as follows: Karen L. Bell, Esquire, Legal Services, Virginia Electric and Power Company, One James River Plaza, P.O. Box 26666, Richmond, Virginia 23261-6666.

(5) On or before January 27, 2000, any person desiring to participate as a Protestant, as defined in Rule 4:6 of the Commission's Rules of Practice and Procedure ("S.C.C. Rules"), 5 VAC 5-10-180, shall file with the Clerk, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, an original and fifteen (15) copies of a Notice of Protest, a Protest, and the prepared testimony and exhibits the Protestant intends to present at the hearing. The Protestant shall serve two (2) copies of each of these documents on the Commission Staff on and counsel for the Company as follows: Karen L. Bell, Esquire, Legal Services, Virginia Electric and Power Company, One James River Plaza, P.O. Box 26666, Richmond, Virginia 23261-6666. Two (2) copies of each of these documents also shall be served on all other Protestants on or before February 1, 2000.

(6) On or before February 4, 2000, the Commission Staff shall investigate the reasonableness of Virginia Power's estimated costs and proposed fuel factor and file testimony with the Clerk of the Commission. The Staff shall send a copy of its testimony to the Company and each Protestant.

(7) On or before February 11, 2000, Virginia Power shall file an original and fifteen (15) copies of all testimony it expects to introduce in rebuttal to all direct prefiled testimony and exhibits. Such rebuttal testimony shall be filed with the Clerk of the Commission, with copies to the Staff and

each Protestant. Additional rebuttal evidence may be presented without prefiling, provided it is in response to evidence which was not prefiled but elicited at the time of the hearing and, provided further, the need for additional rebuttal evidence is timely addressed by motion during the hearing and leave to present said evidence is granted by the Commission.

(8) Discovery shall be in accordance with Part VI of the S.C.C. Rules, 5 VAC 5-10-450 to -510, except that the Company and Protestant(s) shall respond to written interrogatories or data requests within five (5) days of service. Protestants shall provide the Company, other Protestants, and the Staff with any work papers or documents used in preparation of their filed testimony promptly upon request.

(9) On or before January 14, 2000, Virginia Power shall cause a copy of the following notice to be published as display advertising (not classified advertising) on one occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF THE
2000-2001 FUEL FACTOR PROCEEDING FOR
VIRGINIA ELECTRIC AND POWER COMPANY
CASE NO. PUE990717

On December 21, 1999, Virginia Electric and Power Company ("Virginia Power" or "the Company") filed an application with the State Corporation Commission for an increase in its fuel factor from 1.152¢ per kWh to 1.339¢ per kWh, effective February 1, 2000.

The Commission has determined that there are at least three major issues in this case: (1) the consideration of off-system sales in light the Company's retail access pilot program; (2) the Company's fuel costs of replacement power to replace the power previously purchased through the Merom and Rockport long-term contracts which terminate December 31, 1999; and (3) the determination of the proper fuel expenses attributable to the Chaparral (Virginia) Inc. special contract.

Pursuant to § 56-249.6 of the Code of Virginia, the Commission has scheduled a public hearing to commence at 10:00 a.m. on Thursday, February 17, 2000, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving evidence related to the establishment of Virginia Power's fuel factor. However, the Commission has authorized Virginia Power to collect, on an interim basis, a fuel factor of 1.339¢ per kWh effective for usage on and after February 1, 2000.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD) at least seven days before the scheduled hearing date.

Any member of the public may obtain a free copy of Virginia Power's application, prefiled testimony and exhibits by contacting counsel for Virginia Power as follows: Karen L. Bell, Esquire, Legal Services, Virginia Electric and Power Company, One James River Plaza, P.O. Box 26666, Richmond, Virginia 23261-6666. The Company's application, prefiled testimony and exhibits, and all other papers filed in this docket also may be reviewed at the Commission's Document Control Center, First

Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Any person desiring to make a statement at the hearing need only appear in the Commission's courtroom at 9:45 a.m. on the date of the hearing and identify himself or herself to the bailiff as a public witness.

On or before January 27, 2000, persons desiring to participate as Protestants, as defined in Rule 4:6 of the Commission's Rules of Practice and Procedure ("S.C.C. Rules"), 5 VAC 5-10-180, to present evidence and cross-examine witnesses, shall file with the Clerk of the Commission an original and fifteen (15) copies of a Notice of Protest, a Protest, and the prepared testimony and exhibits the Protestant intends to present at the hearing. Protestants shall serve two (2) copies of each of these documents upon the Commission Staff and upon Virginia Power. Service upon the Company shall be directed to Karen L. Bell, Esquire, Legal Services, Virginia Electric and Power Company, One James River Plaza, P.O. Box 26666, Richmond, Virginia 23261-6666. Two copies of each of these documents also shall be served on all other Protestants on or before February 1, 2000.

All written communications to the Commission regarding this proceeding shall identify Case No. PUE990717 and shall be directed to Joel H. Peck, Clerk, State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218.

VIRGINIA ELECTRIC AND POWER COMPANY

(10) On or before January 14, 2000, Virginia Power shall serve a copy of this Order on the County Attorney and Chairman of the Board of Supervisors of each county (or equivalent

officials in counties having alternate forms of government) in which the Company offers service, and on the Mayor or Manager and the Attorney of every city and town (or an equivalent official in cities and towns having alternate forms of government) in which the Company offers service. Service shall be made by either personal delivery or by first-class mail to the customary place of business or the residence of the persons served.

(11) At or before the commencement of the hearing scheduled herein, Virginia Power shall provide proof of service and notice as required in this Order.